

STATINTL

The Washington Merry-Go-Round

How Dodd 'Probed' Insurance Industry

By Drew Pearson
and Jack Anderson

One of the most interesting chapters in the unique life of Sen. Thomas J. Dodd (D-Conn.) is his alleged investigation of insurance companies.

Because he is a member of the Senate Anti-Monopoly Subcommittee and as a courtesy because he comes from Hartford, insurance capital of the world, the late Sen. Estes Kefauver put him in charge of the insurance probe. This was in 1962. Four years have passed and there has been no investigation.

Discreet inquiries have been made by Senate colleagues as to why; but Senatorial courtesy is such that a fellow Senator does not get too inquisitive.

If one had been inquisitive, one would have found that, while supposedly investigating the insurance companies, Dodd had put his son, Jeremy, on the payroll of Aetna; ridden free on the Travelers Insurance Company's plane; sent his friends and clients to insurance companies for loans, then collected legal fees for paying the way, and accepted campaign contributions from insurance executives.

Furthermore, after he took charge of the Senate insurance investigation Dodd virtually stopped paying his insurance premiums.

Most people have their insurance cancelled or are

penalized if they miss a payment. Fidelity Mutual of Philadelphia, for instance, cancelled the important disability benefits of one of the authors when he was a few days late. In contrast, Dodd's insurance has remained in force though he failed to pay \$1033.06 in premiums in 1963; then he added another \$977.60 to the debt in 1964. By Nov. 1, 1965, his unpaid premiums amounted to \$3403.37.

Not until this column started exposing his machinations did Dodd hastily phone the Charles H. McDonough Sons Agency of Hartford to make regular payments.

"We have carried the Senator's premiums on our books," Merritt McDonough, one of the partners, admitted to this column. "We knew he was good for it. Why, we got a \$40 check from him only a couple of days ago."

McDonough also admitted that Dodd usually stays at the McDonough family home—which comes complete with a maid and butler—when he visits Hartford. The Senator has also spent several vacations in Florida at the expense of the McDonoughs.

The insurance industry hasn't been investigated since William O. Douglas and Abe Fortas, both now on the Supreme Court, probed it in 1937. Earlier, Charles Evans Hughes, then a New York attorney, rocked the industry with his investigation of 1903

—a probe which made Hughes Government of New York and almost catapulted him into the White House.

Today the insurance industry is more bloated than ever with excess profits. It has collected more than \$260 billion in the last 20 years, but has paid out less than \$90 billion in living and death benefits. Millions of life insurance policies lapse each year, most of them paying no benefits.

Many insurance executives themselves are alarmed over the abuses in the industry, and believe an investigation would be healthy. William C. Smerling, Connecticut Mutual's manager in New York City, told a meeting of insurance agents that the life insurance public had been "ravaged," "raped," and "defrauded" through "misleading representations, enabling new commissions to reach an all-time high, with a total disregard for the owners of life insurance contracts who have made possible our successful existence in this business."

Dodd's 'Complete Study'

This was why Sen. Kefauver began digging into insurance abuses, and, as a courtesy, was authorized to make a "complete study."

"Since Senator Kefauver's death," wrote the respected Wall Street Journal, "the life insurance investigation has come to a complete halt."

Instead, Dodd occupied his

investigators with minor probes and ordered an investigation of the U.S. operations of foreign insurance companies in competition with American firms.

Though his subcommittee was deluged with complaints, Dodd blandly announced that he would "set up the beginnings of a working relationship with insurance officials so that I will sit down with them regularly to find out what is on their minds and so they will be encouraged to contact me often. I hope that this spirit of cooperation will be beneficial to the insurance business, and I know that it will help me carry out my responsibilities."

To this end, he attended a dinner of Aetna officials on May 17, 1964, at the West Hartford home of Roy Fosbrink, who recently retired as Aetna's Connecticut manager.

Not long afterward, Fosbrink arranged for the Senator's son, Jeremy, to become an Aetna agent—a job Jeremy held until this column began its exposes of Dodd. Then the Senator called him to Washington, placed him on the public payroll, and put him in charge of office security.

Future columns will delve deeper into Dodd's profitable relationship with the insurance companies he is supposed to investigate.

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